

Message Text

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ACTION EUR-12

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TAGS: ETRD, EEC

SUBJECT: EC TEXTILE DEVELOPMENTS

REF: A. EC BRUSSELS 1319 B. STATE 64748 C. LONDON 4589

D. GENEVA 2092 E. ROME 4361 F. HOLMES/PHELAN TELECON,
MARCH 26 G. LONDON 4700

1. SUMMARY: THE COMMUNITY APPROACHES THE MARCH 31 DEADLINE FOR NEGOTIATING BILATERAL AGREEMENTS UNDER THE MULTI-FIBER ARRANGEMENT WITHOUT HAVING CONCLUDED A SINGLE AGREEMENT. ITS HOPE IS TO AT LEAST HAVE MADE CONTACT WITH ALL MFA SIGNATORIES BY DEADLINE IN ORDER TO REGISTER ITS INTENTION TO NEGOTIATE. MEANWHILE, PRESSURES WITHIN THE COMMUNITY FOR TEXTILE PROTECTIONISM ARE MOUNTING. IN THIS CONNECTION, THE EC COMMISSION TAKES A DIM VIEW OF THE AUSTRALIAN TARIFF QUOTAS AND BRITISH IMPORTS SURVEILLANCE. END SUMMARY.

2. THE EC COMMISSION HAS TO DATE RECEIVED FORMAL MANDATES FROM THE EC COUNCIL OF MINISTERS TO NEGOTIATE BILATERAL AGREEMENTS, IN THE FRAMEWORK OF MFA ART. 4, WITH INDIA, PAKISTAN, KOREA, HONG KONG, AND BRAZIL. IT HAS BEGUN, BUT NOT COMPLETED, NEGOTIATIONS WITH INDIA, PAKISTAN, AND HONG KONG. THE NEGOTIATIONS

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WITH INDIA AND PAKISTAN HAVE MADE NO RECENT PROGRESS

DUE, DEPENDING ON THE OBSERVER'S SLANT, TO THE COMMUNITY'S UNWILLINGNESS TO IMPROVE ITS OFFER, OR TO INDIA'S AND PAKISTAN'S "GREEDINESS" (AS THE COMMISSION OFFICIAL RESPONSIBLE FOR THESE NEGOTIATION PUTS IT). THE FIRST ROUND OF NEGOTIATION WITH HONG KONG TOOK PLACE MARCH 17-20; THE NEXT ROUND MAY NOT BE UNTIL EARLY MAY. THE COMMISSION HAS HELD SOME PRELIMINARY DISCUSSIONS WITH KOREA. IT HAS HAD SIMILAR DISCUSSIONS WITH JAPAN; IN THIS CASE THE COMMISSION DOES NOT HAVE A FORMAL MANDATE BUT WAS AUTHORIZED BY THE COMMITTEE OF PERMANENT REPRESENTATIVES TO BEGIN DISCUSSIONS.

3. THE COMMISSION IS NOW ATTEMPTING (WITH THE APPROVAL OF THE MEMBER STATES) TO MAKE CONTACT WITH ALL TEXTILE EXPORTING SIGNATORIES OF THE MFA, EXPRESSING ITS INTENTION TO NEGOTIATE. IN SOME CASES THIS "CONTACT" MAY BE RATHER PERFUNCTORY, E.G. A BRIEF LETTER. HOWEVER, IT IS THE COMMUNITY'S HOPE THAT AS A RESULT IT WILL BE ABLE TO MAINTAIN THE POSITION THAT IT HAS INITIATED THE PROCESS OF NEGOTIATIONS, AND IT WILL SHORTLY SO INFORM THE TEXTILES SURVEILLANCE BODY TO THIS EFFECT. THE COMMUNITY WILL ALSO--PROBABLY ON MARCH 27--SEND ITS PROGRAM FOR LIBERALIZING TEXTILE IMPORTS OVER THE NEXT THREE YEARS TO THE TSB. IT HOPES THAT, TAKEN TOGETHER, THESE NOTIFICATIONS WILL SATISFY MFA PARTICIPANTW.

4. MEANWHILE, THOSE RESPONSIBLE FOR THE COMMUNITY'S TEXTILE NEGOTIATIONS ARE CONSCIOUS OF GROWING PROTECTIONIST PRESSURES WITHIN THE COMMUNITY. EC TEXTILE PRESSURE GROUPS HAVE TO SOME DEGREE FOCUSED ATTENTION ON IMPORTS FROM THE US.

US EXPORTS OF SYNTHETIC FIBERS ARE PORTRAYED AS THE MAIN PROBLEM. IT IS ARGUED THAT LOWER PETROLEUM PRICES IN THE US PERMIT LOWER COST PRODUCTION OF THESE FIBERS. THIS ALLEGED SITUATION WAS AMONG THE SEVERAL COMPLAINTS ABOUT TEXTILE IMPORTS RAISED BY A REPRESENTATIVE OF EC COTTON TEXTILE PRODUCERS WITH SPINELLI, THE COMMISSIONER FOR INDUSTRIAL POLICY, ON MARCH 11. COMMISSION OFFICIALS WORKING ON IN-

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DUSTRIAL POLICY HAVE DISPLAYED SOME SYMPATHY WITH THE INDUSTRY'S COMPLAINTS--BUT HAVE MADE NO PROMISES NOR TAKEN, SO FAR AS WE ARE AWARE, ANY STEPS TO ACT UPON THEM. THE COMMISSION'S TEXTILE NEGOTIATOR SAYS HE HAS ASKED FOR CONCRETE EVIDENCE THAT ANY INJURY IS BEING DONE BY US SYNTHETIC FIBER SHIPMENTS, AND HAS SEEN NONE. HE BELIEVES THAT US EXPORTERS HAVE FOLLOWED A CONSCIOUS POLICY OF NOT

SHARPLY INCREASING THEIR SYNTHETIC FIBER EXPORTS.

5. OVERT PRESSURES FOR IMPORT RELIEF HAVE BEEN PARTICULARLY WELL PUBLICIZED IN THE CASE OF THE UK. SO FAR, THE UK GOVERNMENT HAS CONTINUED TO TAKE A LIBERAL LINE WITHIN THE COMMUNITY ON TEXTILE POLICY. HOWEVER, THE BRITISH ANNOUNCEMENT THAT SURVEILLANCE OF TEXTILE IMPORTS WILL BEGIN APRIL 3 HAS GIVEN CAUSE FOR CONCERN WITHIN THE COMMISSION, ON TWO GROUNDS. THERE IS SOME FEAR THIS MAY PORTEND A SHIFT IN BASIC BRITISH POLICY. THE COMMISSION ALSO RESENTS THE WAY THE BRITISH GOVERNMENT PROCEEDED. THE INTENTION TO INSTITUTE SURVEILLANCE WAS ANNOUNCED IN THE HOUSE OF COMMONS BY MEACHER, THE PARLIAMENTARY UNDER SECRETARY FOR INDUSTRY, THURSDAY EVENING, MARCH 20. ONLY THEREAFTER, IT APPEARS, DID THE UK PROPOSE TO CONSULT WITH THE COMMISSION AND MEMBER STATES. THESE CONSULTATIONS TOOK PLACE MARCH 25. THE COMMUNITY WILL EVIDENTLY NOT ATTEMPT TO BLOCK THE BRITISH ACTION. HOWEVER, THE COMMISSION, AT LEAST, FEELS THAT THE BRITISH GOVERNMENT BENT THE RULES GOVERNING THE COMMON IMPORT POLICY BY TAKING SUCH ACTION WITHOUT CONSULTATION IN A NON-URGENT SITUATIONS. THE SUBSTANCE OF THE BRITISH ACTION DOES NOT, IN THE COMMISSION'S VIEW, VIOLATE THE MFA OR OTHER INTERNATIONAL OBLIGATIONS.

6. HOWEVER, COMMISSION OFFICIALS SEE THE AUSTRALIAN TARIFF QUOTAS AS A CLEAR THREAT TO THE MFA, AND FEEL THAT THE AUSTRALIANS SHOULD BE ASKED TO JUSTIFY THEIR ACTION UNDER ARTICLE 9 OF THE MFA. WE UNDERSTAND, FROM REF F, THAT COMMUNITY REPRESENTATIVES ON THE LIMITED OFFICIAL USE

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TSB TOOK THIS LINE IN THE TSB'S MEETING OF MARCH 26. GREENWALD

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